



Artisan Small Cap Fund

MONTHLY Commentary

Investor Class: ARTSX | Advisor Class: APDSX As of 30 September 2022

Commentary

A deteriorating macroeconomic environment continued to weigh on small-cap equities during Q3. The Russell 2000® Index rallied +17% to start the quarter as inflation peaked and earnings results and outlooks were better than feared. However, the positive momentum quickly reversed course, and the index ended down -2%. Fed Chair Powell's speech at Jackson Hole signaled his unwavering commitment to bring inflation down. August's 8.3% CPI print came in ahead of expectations, and the Federal Open Market Committee revised its GDP expectations downward and inflation and unemployment rate expectations upward through 2024. Meanwhile, Russia closed the Nord Stream natural gas pipeline and threatened the use of nuclear weapons in Ukraine.

Our portfolio outperformed the Russell 2000® Growth Index in Q3. Among our top contributors were Shockwave Medical and Wingstop. Shockwave is an early-stage medical device company developing and commercializing products to treat calcified cardiovascular disease. The company's recent quarter of +116% YoY revenue growth was well ahead of expectations. The beat was driven primarily by the C2 coronary intravascular lithotripsy catheter—used to break up hard materials that restrict blood flow to the heart—as it makes solid progress capturing share from stenting cases. We believe the profit cycle opportunity for C2 is meaningful given its large addressable market (\$4 billion).

Wingstop is a quick-service restaurant franchisor specializing in fresh, cooked-to-order chicken wings and fries. The company recently added a record number of new stores, which we find encouraging given our thesis is primarily predicated on the company growing its store footprint. Meanwhile, falling wing prices, menu innovation (chicken sandwich rollout in September, new flavors) and a ramp-up in advertising should fuel better growth in the upcoming periods.

Among our bottom contributors were Argenx and Halozyme. Argenx has given back some of its YTD gains despite sales for VYVGART—used to treat a chronic neuromuscular condition (myasthenia gravis)—pacing well ahead of expectations for the second straight quarter (2X higher than Street estimates). VYVGART's outperformance has been demand-driven, with ~1,400 patients now on the drug (versus 380 in Q1). We believe the second indication for VYVGART will receive FDA approval in early 2023, and there is potential for the drug to treat numerous other rare autoimmune disorders longer term.

Despite a better-than-expected quarter and outlook, shares of Halozyme have given back some of their YTD gains. We believe the profit cycle ahead is meaningful. The company has a robust pipeline of 16 products and over 10 companies leveraging its ENHANZE® platform including a partnership with Argenx (another top 10 holding) for a subcutaneous format of efgartigimod which could obtain approval in 2023. Today, Halozyme has five royalty products, and we believe this number could triple over the next five years.

Investment Results (%)

As of 30 September 2022	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	-6.74	3.23	-33.60	-38.24	2.35	8.06	10.17	8.74
Advisor Class: APDSX	-6.68	3.27	-33.55	-38.16	2.48	8.21	10.25	8.76
Russell 2000® Growth Index	-9.00	0.24	-29.28	-29.27	2.94	3.60	8.81	7.06
Russell 2000® Index	-9.58	-2.19	-25.10	-23.50	4.29	3.55	8.55	8.42

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. Class inception: Investor (28 March 1995); Advisor (1 February 2017). For the period prior to inception, Advisor Class performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Advisor Class and the share class's returns during that period would be different if such expenses were reflected.

Past performance does not guarantee and is not a reliable indicator of future results. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. Call 800.344.1770 for current to most recent month-end performance.

Portfolio Details

	ARTSX	APDSX
Net Asset Value (NAV)	\$27.82	\$28.08
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Semi-Annual Report 31 Mar 2022 ¹	1.20%	1.06%
Prospectus 30 Sep 2021 ²	1.19%	1.06%

¹Unaudited, annualized for the six-month period. ²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Halozyme Therapeutics Inc (Health Care)	7.5
Shockwave Medical Inc (Health Care)	6.1
Lattice Semiconductor Corp (Information Technology)	5.2
Argenx SE (Health Care)	5.1
Valmont Industries Inc (Industrials)	4.5
Ascendis Pharma A/S (Health Care)	4.1
Monolithic Power Systems Inc (Information Technology)	3.7
Blackline Inc (Information Technology)	3.3
Ingersoll Rand Inc (Industrials)	3.1
Wingstop Inc (Consumer Discretionary)	2.8
TOTAL	45.4%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	R2G ¹
Communication Services	0.6	2.4
Consumer Discretionary	11.1	10.8
Consumer Staples	0.6	4.2
Energy	0.0	6.5
Financials	3.3	6.0
Health Care	33.4	25.3
Industrials	12.6	17.1
Information Technology	38.4	19.5
Materials	0.0	4.3
Real Estate	0.0	2.1
Utilities	0.0	1.8
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 0.8% of the total portfolio. ¹Russell 2000® Growth Index.

Average Annual Total Returns

	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	-38.24	2.35	8.06	10.17	8.74
Advisor Class: APDSX	-38.16	2.48	8.21	10.25	8.76
Russell 2000® Growth Index	-29.27	2.94	3.60	8.81	7.06
Russell 2000® Index	-23.50	4.29	3.55	8.55	8.42

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	R2G ¹
5.8+	45.1	6.3
4.4–5.8	19.7	11.5
3.2–4.4	19.3	22.7
1.8–3.2	8.5	30.0
0.0–1.8	7.4	29.5
TOTAL	100.0%	100.0%

Source: Artisan Partners/Russell. ¹Russell 2000[®] Growth Index.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Craig A. Cepukenas, CFA (Lead)	33
James D. Hamel, CFA	25
Matthew H. Kamm, CFA	22
Jason L. White, CFA	22
Jay C. Warner, CFA	20

Carefully consider the Fund's investment objective, risks and charges and expenses. This and other important information is contained in the Fund's prospectus and summary prospectus, which can be obtained by calling 800.344.1770. Read carefully before investing.

Current and future portfolio holdings are subject to risk. The value of portfolio securities selected by the investment team may rise or fall in response to company, market, economic, political, regulatory or other news, at times greater than the market or benchmark index. A portfolio's environmental, social and governance ("ESG") considerations may limit the investment opportunities available and, as a result, the portfolio may forgo certain investment opportunities and underperform portfolios that do not consider ESG factors. International investments involve special risks, including currency fluctuation, lower liquidity, different accounting methods and economic and political systems, and higher transaction costs. These risks typically are greater in emerging markets. Securities of small- and medium-sized companies tend to have a shorter history of operations, be more volatile and less liquid and may have underperformed securities of large companies during some periods. Growth securities may underperform other asset types during a given period.

Russell 2000[®] Growth Index measures the performance of US small-cap companies with higher price/book ratios and forecasted growth values. Russell 2000[®] Index measures the performance of roughly 2,000 US small-cap companies. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. The discussion of portfolio holdings does not constitute a recommendation of any individual security. Securities named in the Commentary, but not listed as a Top Ten Holding or not listed here are not held in the Fund as of the date of this report. The portfolio managers' views and portfolio holdings are subject to change and the Fund disclaims any obligation to advise investors of such changes.

Unless otherwise indicated, all information in this report includes all classes of shares, except performance and expense ratio information, and is as of the date shown in the upper right hand corner. Totals may not sum due to rounding.

This material is provided for informational purposes without regard to your particular investment needs and shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

The Global Industry Classification Standard (GICS[®]) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third party providers ("GICS Parties") makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages.

Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell[®] is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or Russell ratings or underlying data and no party may rely on any Russell Indexes and/or Russell ratings and/or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

Sector exposure percentages reflect sector designations as currently classified by GICS.

Our capital allocation process is designed to build position size according to our conviction. Portfolio holdings develop through three stages: GardenSM, CropSM and HarvestSM. GardenSM investments are situations where we believe we are right, but there is not clear evidence that the profit cycle has taken hold, so positions are small. CropSM investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. HarvestSM investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company's profit cycle. HarvestSM investments are generally being reduced or sold from the portfolios.

Consumer Price Index measures the average change in prices over time that consumers pay for a basket of goods and services.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.

© 2022 Artisan Partners. All rights reserved.

10/5/2022 A22771L_vR